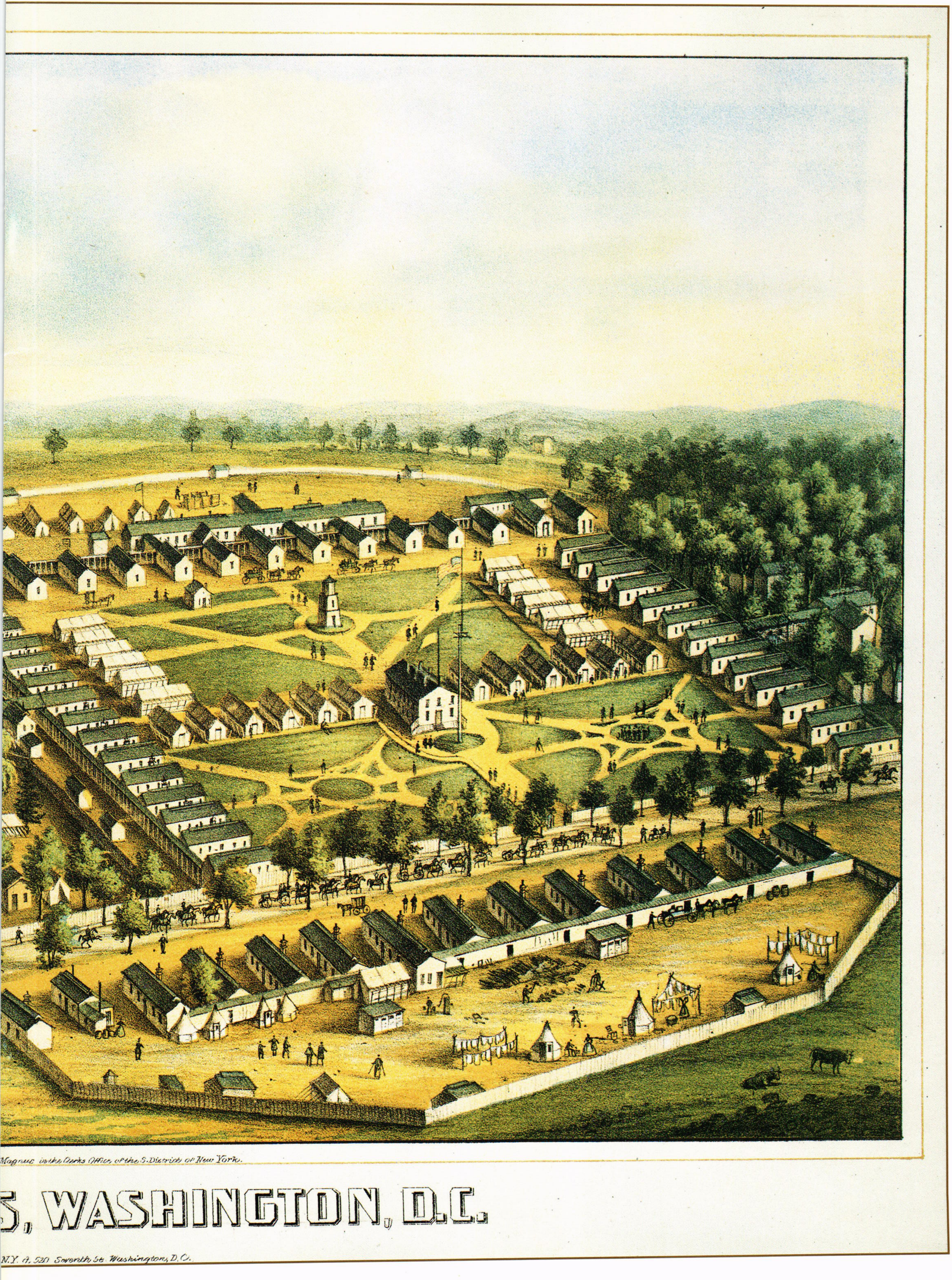


THE GEORGE WASHINGTON UNIVERSITY

FINANCIAL REPORT 1990

On the Cover:

Carver Barracks, on the site of the first campus of The George Washington University, housed Union soldiers during the Civil War. GW, then called Columbian College, occupied 47 acres between 14th and 15th streets, north of Florida Avenue. Lithograph from the Gelman collection published by Charles Magnus, New York, 1864.

The George Washington University
WASHINGTON DC

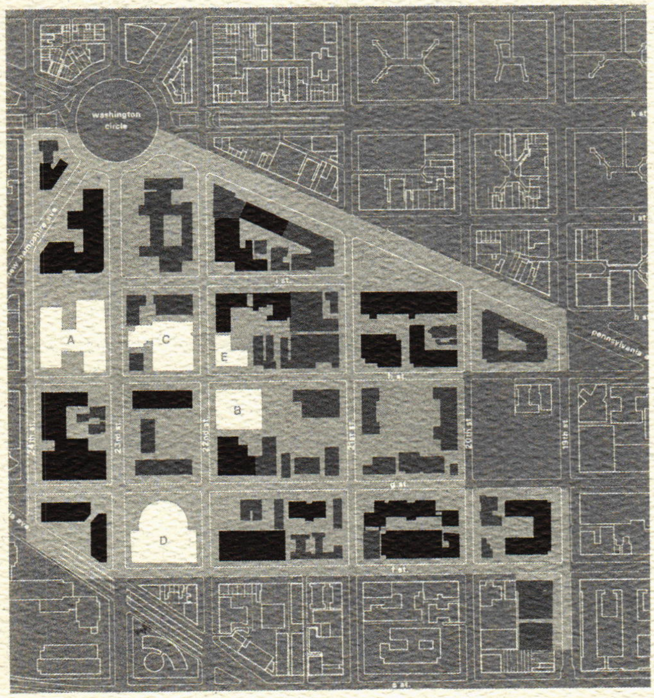
TWO DECADES OF GROWTH

A RETROSPECTIVE STATEMENT BY CHARLES EDWARD DIEHL, VICE PRESIDENT AND TREASURER, 1972–1990

GROWTH OF THE UNIVERSITY

Few have been as fortunate as those of us who have participated in the major institutional changes at The George Washington University during the last 20 years. As the University enters the nineties with new leadership, it is appropriate to look back at the forces that have shaped the University. The decades of the thirties and forties greatly enlarged the role of Washington, D.C. The growth of GW mirrors the growth of the metropolitan region. By 1970, the metro area population was 3.0 million and is about 4.3 million today. Student population at GW grew from 13,000 to 19,000 during that period. The GI Bill of Rights and federal aid to education in the fifties and sixties also greatly expanded higher education opportunity. Subsidies to hospital construction and employer-subsidized health care became a solid base of growth for our Medical Center.

The last 20 years at GW have been a period of significant physical facility development. The 1970 Annual Report contained a 20-year campus development plan based on assumed land acquisition within Foggy Bottom (a continuing policy since 1950) and projected phased construction for University facilities. The plan also provided for the development of commercial buildings whose income would help support the institutional building program.



Unlike many private or public organizations, The George Washington University Trustee leadership has enabled us to take a long-term attitude toward the future and help us fulfill the dreams laid out for the University's growth.

GROWTH OF PHYSICAL FACILITIES

Five near-term University buildings were identified in the 1970 plan below. All have been completed.

1970 Phase I Construction Program

1970 Description — *($ in Millions)*

Current Name	Completion Date	Square Footage	Construction Cost
A. *Basic Science Building and Himmelfarb Library*			
Ross Hall, Himmelfarb Library	4-73	516,050	$22.9
B. *University Library*			
Gelman Library	9-73	245,217	9.1
C. *Parking Garage*			
University Garage	1-72	368,628	4.6
D. *Activities Building*			
Smith Center	11-75	129,302	6.7
E. *Academic Office Building*			
Academic Center	4-82	368,216	31.0

Phases II and III of the Building plan, while not as specific, included the Burns Clinic addition; "Additional Law School Building," The National Law Center with additions to Stockton Hall and the Jacob Burns Law Library; a "Fine Arts Center" and "Additional Classroom Building" both within the Academic Center; and "Support Buildings" (the Support Building at 2025 F Street). What remains to be built from the 1970 plan is an "Administrative Office Building" and "Two Additional Parking Garages." Because of land scarcity, the parking garages will most likely never be constructed. While the "Cardiac Research Building" was later deemed of lesser priority, the Hospital's Duncan Pavilion, housing radiology laboratories, was completed in 1977. In large measure we have accomplished the goals of the 1970 plan.

Construction of new University facilities over the last two decades would not have been possible without the generous support of our alumni. They often provided initial seed funding or the completing gift. The major source of funds for academic buildings in the 1970s was federal assistance in the form of grants, loans and direct interest rate subsidies. Prior to 1973, the only buildings constructed without substantial federal assistance were the Marvin Center and the Parking Garage, both financed by conventional mortgages. Conventional financing was possible on these two facilities because of their revenue-generating capability, the Parking Garage through parking fees and the Marvin Center through a student fee imposed on all students as a condition of the mortgage loan. In order to borrow conventionally, the University had to demonstrate its ability to repay the debt from a specific revenue stream. The Marvin Center fee was not enthusiastically supported by all students. One incident now humorous, but a heat generator in its time, occurred at the old Medical School, then located across town at 1333 H Street, NW. Medical students, who had little time to go to 21st and H to the Marvin Center, but who still had to pay the mortgage-required fee, told the housekeeping staff at the old Medical School that they could not use the vending machines at the Medical School. The students' logic was that they were paying a fee, the only thing available to them was vending, ergo it was theirs exclusively. After talking to the student leaders and the staff, cooler heads finally prevailed, harmony was restored and the vending area at 1333 H Street was available to all. Now that the Medical School has moved on campus, all of our students have ready access to the Marvin Center. It has become the hub of student life.

The Smith Center replaced the men's gym, affectionately known as the "Tin Tabernacle," located on the Law School side of the current University Yard, and Building K, the women's gym. The "Tin Tabernacle" was a metal-clad structure and a former market building moved to the campus in the twenties. All of our home varsity basketball games were played in the Fort Myer gym in Arlington because the "Tabernacle" had room for the court, but not spectators. Building K was a former church converted to a nonregulation women's gym. When President Elliott came to the campus in 1965, it became apparent to him that the varsity football program was a loser. Either the University had to increase the funding for a successful football team or close the program down. After long negotiations with faculty, students and alumni, Dr. Elliott created a compromise. The funding for varsity football, then at $250,000 per year, would be placed in a plant fund to be used for a student athletic center to include an arena for home basketball games. By the time construction started, the "football compromise fund" had grown to $2 million. Federal support in the form of a $100,000 grant and a $3.5 million subsidized loan was supplemented by gifts including a naming gift from the Charles E. Smith families to complete the building. The long-awaited athletic facility became a reality and home basketball games came on campus for the first time in years. Since completion of the Smith Center, major non-federally subsidized borrowings have been necessary to fulfill the construction plan. The Burns Clinic addition, completed in 1989, cost $50 million with borrowing almost entirely from tax-exempt revenue bonds. Every major building or improvement since 1975 on campus has relied on private bond issues or other types of non-federal borrowing for which related debt service payments have depended upon operating revenues and new investment property income.

Another highlight occurred during the first tax-exempt bond issue of 1981. This issue was a first for District of Columbia home rule. The purpose of the issue was the construction of the Academic Center, comprised of Smith, Rome and Phillips halls. After some three years of intensive effort, a bill was passed by the District of Columbia City Council in August of 1981 authorizing the issuance of Tax-Exempt Revenue Bonds on behalf of the University's full faith and credit. D.C.-passed legislation under the Home Rule Act requires Congressional approval through a 30-day Congressional layover period. If no one in either body of Congress objects to D.C. legislation, it becomes law after the layover period. The timing couldn't have been more treacherous. It became apparent on the 28th Congressional layover day for the 1981 bond issue that Congress would adjourn before midnight on the 29th day for its Christmas recess and adjournment. This meant that the GW bill would have to be reintroduced, delaying the closing of the bonds until April or May of 1982. The Board had authorized us to proceed with construction of the building in 1979 and to use temporary construction financing tied to a floating prime rate. During this period we paid interest ranging from 11 percent to 21.5 percent. With interest rates at 16 percent in December of 1981, the cost of another four or five months delay was in the hundreds of thousands of dollars to the University. Thanks to outstanding support in both the Senate and the House of Representatives, we were able to get a bill through both bodies in one 14-hour day of effort, an event rare in the annals of Congress. The President signed the legislation before his Christmas vacation and we were able to close on December 23, 1981, to the relief of all concerned and to the University's pocketbook.

GROWTH OF PROPERTY AND ENDOWMENT INCOME

A partial offset to the cost of new campus debt service has been our commercial property development, which provides a new stream of current income to help pay off our campus debt. The GW philosophy has been to put its commercially zoned land into a use that will pay development costs, contribute revenues to the University general fund, and have the potential to revert to University use eventually. An example of this type of development is the Thomas Edison Building at 1900 Pennsylvania Avenue. The George Washington University leased the land and building for 30 years, at a cost of $12.5 million, mortgaged the University's interest for $15 million, and negotiated a fixed-payment lease that would pay the mortgage and return an annual income to current operating funds of the University. PEPCO pays all maintenance, utilities and property taxes. The building reverts to GW in the year 2002. Twelve years from now we could sell it (which is against our long-standing policy of holding land within the campus boundaries), lease it at commercial rates, or use it for University purposes. The building is currently assessed at $69.1 million. Clearly we have increased our net worth at no cost to the University.

Following the development of 1900 Pennsylvania Avenue was the development of the World Bank site at 19th and F. The World Bank project, which involved site assembly, historic preservation and neighborhood concerns, had taken some three years of often hectic and almost frantic effort on the part of the University administration. Based on that experience, it was decided that we should seek a partner on 2000 Pennsylvania Avenue that would take on the headaches of zoning, financing, historic preservation and community relationships. Seventeen developers responded to our proposal request. We turned to a proposal brought to us by Walker and Dunlop, which was an innovative partnership with the Public School Employees' Retirement System of Pennsylvania. Three months of negotiation produced the current agreement under which we operate. Because of the tax status of the partners, we were able to construct a joint venture which enabled us to receive this form of endowment income tax-free. George Washington contributed the land valued at over $14 million and the Fund was to provide the building. After each party receives a fixed return on its basic investment, the additional rent income is split 50-50. The building reverts to GW free and clear in the year 2033. That property produced net rental income to GW of $2,951,000 in the last fiscal year and is currently assessed at $83.6 million.

The University, however, was right back in the hot seat to do all the tough work—zoning, design, historic preservation, final land assembly and community relations for the 2000 Pennsylvania Avenue project. The design was kicked back and forth between the Zoning Commission, Historic Preservation and the National Capital Planning Commission. The only review body in town not in the act was Fine Arts. All of the designs incorporated the row house frontages. The focus was on the office building. Our preferred design was a brick office building with balconies, and a waterfall-like effect bringing the main entrance to the Pennsylvania Avenue frontage. We thought it was handsome. WRONG said the Zoning Commission. In four weeks we had a new design, which treated the Pennsylvania Avenue front with reflective glass behind the row houses. RIGHT said Zoning. WRONG said Historic Preservation. The third attempt brought forth the compromise office building we now have. Needless to say, the Washington Post and other critics of architecture in our town had a field day with the controversy. Reason, or a representative form of it, finally prevailed and we received the necessary zoning, albeit through a compromise.

The project was awarded the Urban Land Institute's 1986 Award for Excellence for Small-Scale Urban Development/Mixed Use. The citation read "2000 Pennsylvania Avenue is a mixed-use development project that has created a noteworthy environment in Washington, D.C. The developer, The George Washington University, had to obtain an unusually large number of approvals from regulatory agencies, including the District of Columbia Zoning Commission, the D.C. City Council, the Joint Committee on Landmarks of the National Capital, and the National Capital Planning Commission." I have often wondered whether the citation was shorthand for "in spite of many obstacles, the University was able to create a notable project."

At the same time that we were working on the World Bank site in 1980, the old Medical Building site at 1333 H Street, NW was redeveloped under a partnership agreement. Our land and building contribution was $2.6 million and the developer built the new building at his cost. The long-term lease payments provided $612,000 annually in current income, with an additional percentage when rents reached a specific level. With the recent downturn in the real estate market, it became apparent that the University would not get its additional revenue stream for some time. Because it is not located within our stated boundaries, the Board was willing to consider sale. Last December our interest was sold for $16.25 million. That enabled us to pay off the Edison mortgage, invest $6.2 million in the Quasi-Endowment Fund, continue the annual income flow, and have the ability to contribute $2.5 million over a five-year period to cover some start-up

costs at our new Northern Virginia Campus. This is the most recent example of using commercial property income to directly support academic needs.

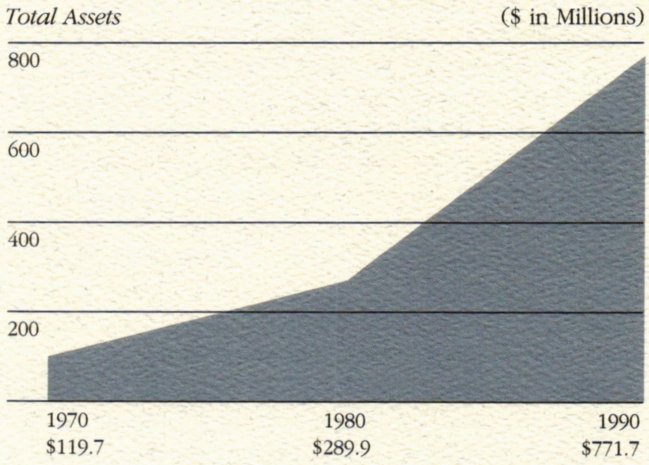
The Northern Virginia Campus is the reverse of using land to acquire a building free and clear through commercial development. In this case we received the land (approximately 50 acres) free, plus 20 percent of the total development earnings over the life of the 576-acre project. In return the University must commit $18 million to construct an academic building and offer education to the people of northern Virginia. Over the long term, our 20 percent interest in the development should pay the mortgage on our academic buildings in Loudoun County and result in George Washington ownership of land and buildings on a second campus without additional capital investment from the University. In spite of the current real estate market slowdown, this project should be solid over the long term as the region expands and the Dulles area reaches its build-out potential.

While building preservation and architectural interest are valued by The George Washington University, so is open space. The price of open space is, however, the necessity to build to the permitted height and floor area limits. Otherwise our campus would be a solid three and one-half stories high and pretty dull. The University's architectural style has also changed in these years from a modern institutional design, embodied by Ross Hall, to a softer style more reflective of the existing buildings such as The National Law Center, completed in 1983. In the words of a National Architectural Review Panel, "This [the Law School] project represents a successful, cohesive design and programmatic response both to reuse and new construction requirements, while addressing not only its urban context but its symbolic presentation as a National Law Center as well."

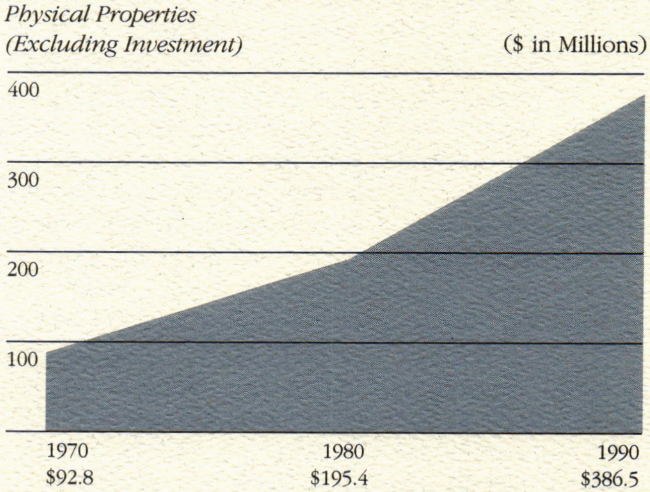
LOOKING TOWARD THE FUTURE

The University's future facility needs were laid out in a public document titled *The Campus Plan for the Year 1985 through the Year 2000*. While not as building-specific as the 1970 plan, it contemplates adding 2.3 million gross square feet of facilities to the 1985 base of 3.7 million gross square feet. A portion of that, 230,000 gross square feet, has been realized with the completion of our Ambulatory Care Center.

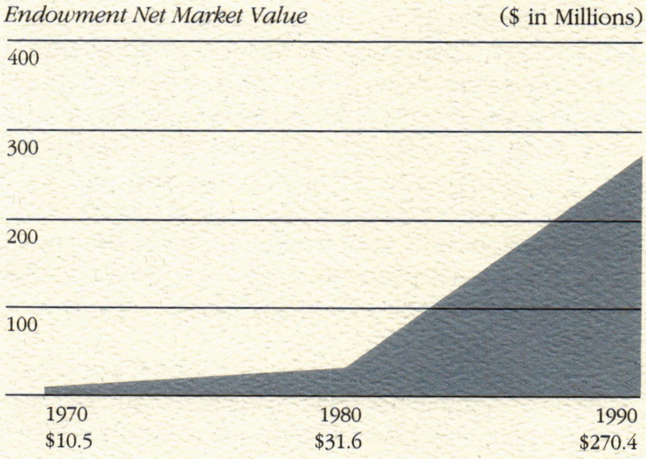
Our ability to complete the new campus plan depends on the same two variables as a home mortgage: value of the collateral and income necessary to make the payments. While each project will stand on its own, the overall position of the University is strong as shown by the growth of our assets.



Total assets have increased more than six-fold. While hospital receivables are a major portion of that asset growth due to inflation, our physical properties growth has been impressive.



Endowment market value has also increased markedly.

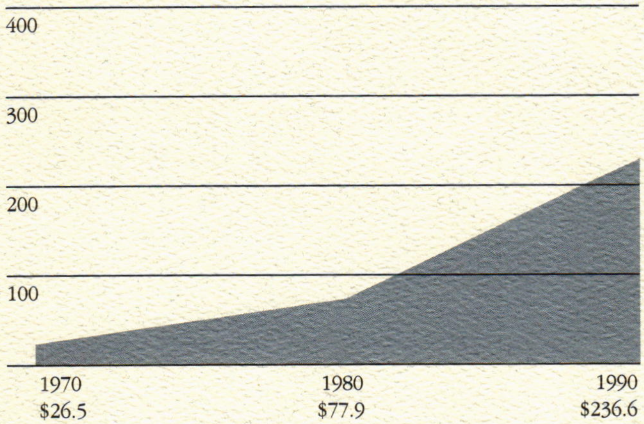


While commercial real estate market appreciation has been outstanding, the University investment policy for securities has provided excellent total return, the sum of current yield and market appreciation. That policy, explained fully in a 1979 published policy statement, has been heavily weighted toward equities instead of bonds. In an annual survey of 300 schools conducted by The National Association of College and University Business Officers, George Washington ranked number 43 for the years 1980-89, with a ten-year average of 15.1 percent total return. Over the most recent three year period, 1987-89, the University ranked fourth with a total return of 15.9 percent.

In the initial year of purchase, bonds offer higher income yields than equities. However, in any extended period, equities offer not only capital appreciation but also dividend increases. For example, the Samson Scholarship Fund had an initial market value of $409,000 in 1967. With no additional gifts, its value rose to $1,302,000 by June 1989, a capital appreciation of 218 percent. However, annual dividends rose from $15,000 to $65,000, an increase of 333 percent. Clearly the Endowment investment policy works over time. During the same period, the CPI rose 220 percent.

Total fund balances (assets minus liabilities) reflect a strengthening financial position also.

Total Fund Balances
(Excluding Net Investment in Plant) ($ in Millions)



Debt outstanding collateralized by some portion of the University's assets has also grown but at a slower rate than endowment market value and total fund balances.

Long-Term Debt

($ in Millions)	**1970**	**1980**	**1990**
University			
Academic	$ 3.4	$10.8	$ 96.1
Auxiliaries	17.5	17.4	17.4
Investment			
Property	6.0	16.6	27.6
Temporary	3.5	3.2	.5
Subtotal	30.4	48.0	141.6
Medical Center			
Hospital	-0-	9.0	5.4
Burns Additions	-0-	1.1	48.0
Subtotal	-0-	10.1	53.4
Grand Total	$30.4	$58.1	$195.0

Because long-term debt has grown more slowly, the coverage ratios have improved.

Debt/Asset Ratios

(Percent)	**1970**	**1980**	**1990**
Long Term Debt/ Total Assets	25.4	20.0	25.3
Long Term Debt/ Endowment Market Value	289.5	183.9	72.1
Long Term Debt/ Total Fund Balances, Excluding Net Plant	114.7	74.6	82.4

After the Civil War, the University (then Columbian College) was forced to sell its campus on College Hill at 16th and Florida Avenue. Relocation to 15th and H Street, NW at that time left us struggling with debt. Forced to sell again, we moved in 1912 to Foggy Bottom and bought 2023 G Street, now occupied by Lisner Hall. The lesson of that history has been carried through overlapping terms of our Board of Trustees and long service by our Presidents, to leave today a deep respect by The George Washington University for a sound balance sheet.

The second requisite for the borrowing necessary to complete our downtown campus is current income sufficient to service increased debt.

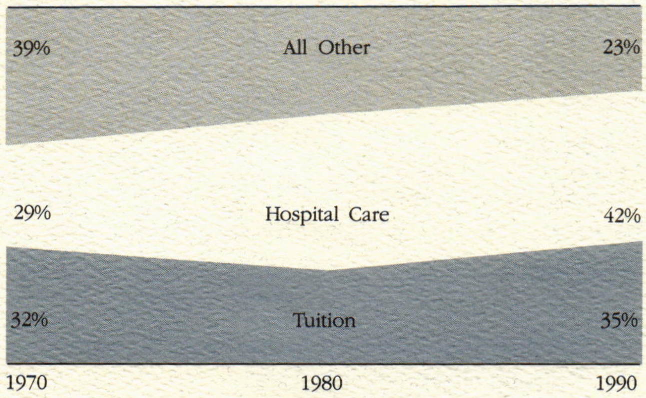
The University's debt relationship to total revenues has improved since 1970 and is adequate to allow future construction.

Debt and Revenues

($ in Millions)	**1970**	**1980**	**1990**
Long-Term Debt	$ 30.4	$ 58.1	$195.0
Total Revenues	$ 73.5	$200.6	$521.7
Debt as a % of Revenue	41.4%	29.0%	37.4%

The two major revenue sources in our current fund are tuition and patient care, with "All Other" principally comprised of auxiliaries and sponsored projects.

Current Fund Revenue Distribution (Percent of Total)



While our tuition and fee income have risen slightly to 35 percent in 1990, Medical Center current revenues have increased from 29 percent to 42 percent of total current revenues.

THE IMMEDIATE FUTURE WILL BE CHALLENGING

As the Hospital has become more dominant in our financial position in these last few years, cost/price pressures in the health care sector throughout the United States have increased markedly. Federal budget problems restrict our cost recovery from Medicare and Medicaid. Private competitive pressures have constricted payments from Blue Cross/Blue Shield and other health care providers. Payments to our employees and suppliers rise annually with inflation, and improved medical procedures require new equipment. During the last few years we used our Medical Center reserves to offset our operating medical losses, but that cannot continue.

The Medical Center has initiated a broad cost-reduction program to eliminate the current fund deficit detailed in our 1990 financial statements. While our organization will suffer a painful readjustment in the short run, these measures are absolutely necessary to cure current fund Medical Center losses.

Fortunately, the University nonmedical operations have established favorable annual current fund operating results. 1989's surplus of $370,000 has risen to $3,728,000 in 1990. While not enough to offset the Medical Center loss of $23,798,000, combined current fund balances remain in surplus at $16,518,000.

The challenges of the future are clear. Federal subsidies for education and health care are gone. Demographics have reduced the pool of eligible students and the University now picks up an increasing share of tuition and medical subsidies. The title of our campus history, "Bricks Without Straw" refers to The George Washington University's ability to continue growth in the face of adversity.

In light of our 179 years of history, my tenure of 20 years has been brief. When I came in 1970 I inherited the groundwork laid down by Henry William Herzog, the previous Vice President and Treasurer, who had the vision during his 42 years of service to lay out the basic financial and physical campus plans for us to implement. Continuity in the Presidency and the Board of Trustees (especially the Finance Committee) has enabled a steady course of growth, both in physical facilities and academic excellence. That continuity produces a view of the future that will sustain The George Washington University long after we are gone.

Charles E. Diehl

Charles E. Diehl
Vice President and Treasurer

FINANCIAL REPORT 1990

The George Washington University

WASHINGTON DC

REPORT OF THE VICE PRESIDENT AND TREASURER

September 6, 1990

The fiscal year ending June 30, 1990 has been an interesting period for the University. The University revenues have two principal sources, student tuition and patient care. Similarly these two areas represent the areas of heaviest expense to the University. This period has been one in which the efforts to control institutional and general and administrative expenses have met with success on the University part of the corporation. While the Medical Center was successful in its efforts to control general and administrative expenses, its increased revenues (primarily from third-party payors) did not match the increase in patient care expenses. Adult patient days and adult admissions declined and patient care revenue increased only 3 percent, while expenses grew at the national average of 11 percent. Additionally, at the Medical Center expenses for plant and equipment additions to maintain appropriate levels of technology and patient care drew down on current fund balances.

The Statement of Changes in Fund Balances, Exhibit B, shows the effect of the year's activity. The University had a net increase to unrestricted current fund balances of $4,050,594, which reduced the unrestricted current fund deficit to $7,165,579. When combined with restricted funds, the total current funds of the University now stand at a deficit of $1,441,135. During the year some $1.9 million was transferred to plant for future construction requirements. I make this point because without the discretionary transfer of those funds to plant, the University's total current fund would have been positive for the year. This is a significant achievement which is due to President Trachtenberg's support in overcoming a deficit situation which had been allowed to grow over a number of years. During the year we contracted bookstore operations and computer management, tightened our procurement processes, engaged a single contract travel agent and tightened budgeting practices. These and other efficiencies resulted in a year to year decline of $1.3 million in administrative expense.

The Medical Center's results for the year, while disappointing, represent a challenge to management. Two forces are at work: the third-party payors wanting to reduce their cost of medical care, including little desire to pick up the cost of indigent or other uncompensated care; and the ever increasing demand from patients to support more costly but lifesaving or life enhancing procedures. At the time the mid-year statements became available, it was apparent that the Medical Center was not going to have a good year financially. Vice President Bowles immediately put a team together to develop a plan to improve the financial condition of the Medical Center. The plan was taken before the Committee on Financial Affairs of the Board and the full Board of Trustees in May of this year. With the support of the administration and the Board, Dr. Bowles implemented a number of steps leading to increased efficiency at the Medical Center. One hundred and fifty employees were terminated, although some transferred to the University to fill vacant positions. Vacant positions in noncritical areas were left unfilled and steps were taken to reduce other costs, at all times being sure that the level and quality of patient care were not compromised.

The University's creditors were kept abreast of this situation at the Medical Center. Because of the increasing strength of the institution on the University side and the positive steps taken at the Medical Center, I believe that our creditors are comfortable with the results.

The year-end effect of the Medical Center and University operations resulted in a reduction of overall current fund balances of $20,069,870. The Medical Center loss from operations was $10,568,114, with capital additions and other transfers of $13,230,030, offset by the positive increase of the University's operations of $3,728,274.

The other principal changes to University fund balances were increases to loan funds of $1,040,803, to endowment of $27,577,265, a reduction of $7,871,143 in unexpended plant funds, and an increase in net investment in plant of $27,839,505. The net result for all funds was an increase of $28,516,560 for the year's operations.

Of note this year was the start-up of the Loudoun campus construction and the favorable sale of investment property at 1333 H Street, NW, each of which added to our assets. Investment property income increased $1.5 million (37 percent). This increase reflects the first full year of revenue from 2100 Pennsylvania Avenue, as well as improved revenue flow from 2000 Pennsylvania Avenue. Once again the market value of our endowment securities and investment properties increased, which, while noted, is not reflected in the book values as stated in the financials.

This is my last official report to the Board of Trustees and the President. It has been my pleasure to serve the institution during this period of rapid growth. I leave this fine institution and its tremendous Board, faculty, staff and students with regret. The experience has been truly joyful. I thank each and every one of you for that opportunity.

Charles E. Diehl

Charles E. Diehl
Vice President and Treasurer

TO THE PRESIDENT AND BOARD OF TRUSTEES

To the President and Board of Trustees
The George Washington University
Washington, D.C. 20052

September 6, 1990

Submitted herewith is the Financial Report of the University for the year ended June 30, 1990. The report includes a statement of financial position at June 30, 1990 and June 30, 1989 (Balance Sheet - Exhibit A) and a summary of the financial activity for the years then ended (Statement of Changes in Fund Balances - Exhibit B). Price Waterhouse has audited these statements (Exhibits A & B) and the "Notes to the Financial Statements" and its report is included.

A summary highlighting the financial results of the past year is included, followed by the audited Financial Statements and the report of Price Waterhouse.

Respectfully submitted,

RJ Olmo

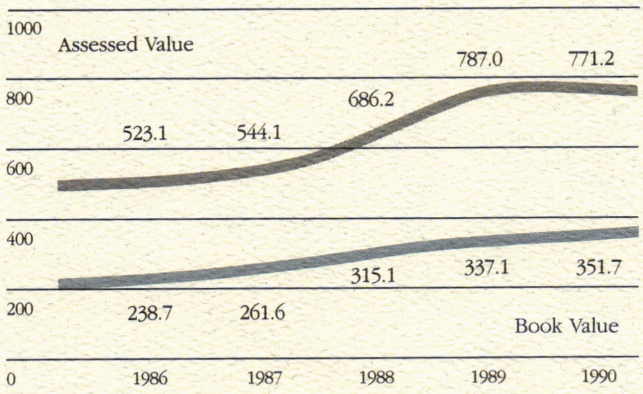
Ralph J. Olmo
Comptroller

SUMMARY

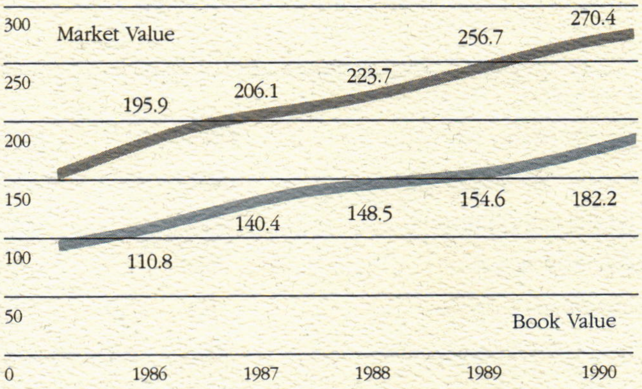
CURRENT FUNDS
Revenues and Expenditures ($ Millions)

	1986		1987		1988		1989		1990	
	$	%	$	%	$	%	$	%	$	%
Revenues										
Student Fees	119.4	33.1	130.8	34.5	140.1	34.3	151.8	33.2	173.7	35.3
Patient Care	163.2	45.2	165.5	43.6	180.3	44.2	202.2	44.2	208.1	42.2
Grants and Contracts	25.9	7.2	29.1	7.7	34.5	8.5	39.2	8.6	41.8	8.5
Gifts and Bequests	6.9	2.0	6.3	1.7	6.8	1.7	6.5	1.4	7.3	1.5
Investment Income	9.3	2.6	9.9	2.6	5.1	1.2	13.2	2.9	17.7	3.6
Auxiliary Enterprises	24.7	6.9	27.4	7.2	28.9	7.1	31.0	6.8	28.1	5.7
Other	10.7	3.0	10.4	2.7	12.2	3.0	13.1	2.9	15.7	3.2
Total Revenues	360.1	100.0	379.4	100.0	407.9	100.0	457.0	100.0	492.4	100.0
Expenditures										
Instruction, Libraries, Student Services and Aid, Other	99.0	27.5	109.2	28.8	118.3	29.0	130.8	28.6	151.1	30.7
Patient Care (Direct)	120.3	33.4	128.5	33.9	145.6	35.7	162.1	35.5	180.1	36.6
Sponsored Programs (Direct)	18.6	5.2	21.6	5.7	26.3	6.4	30.4	6.7	32.6	6.6
Administration and General	55.7	15.5	58.2	15.3	56.6	13.9	70.8	15.5	69.1	14.0
Maintenance	29.2	8.1	29.8	7.8	31.1	7.6	34.8	7.6	38.6	7.9
Auxiliary Enterprises	24.4	6.8	25.3	6.7	27.0	6.6	29.4	6.4	25.3	5.1
Less Equipment included above	(10.9)	(3.0)	(12.6)	(3.3)	(13.5)	(3.3)	(12.5)	(2.7)	(14.6)	(3.0)
Capital Expenditures	14.6	4.1	21.3	5.6	23.5	5.8	21.5	4.7	27.0	5.5
Total Expenditures	350.9	97.6	381.3	100.5	414.9	101.7	467.3	102.3	509.2	103.4

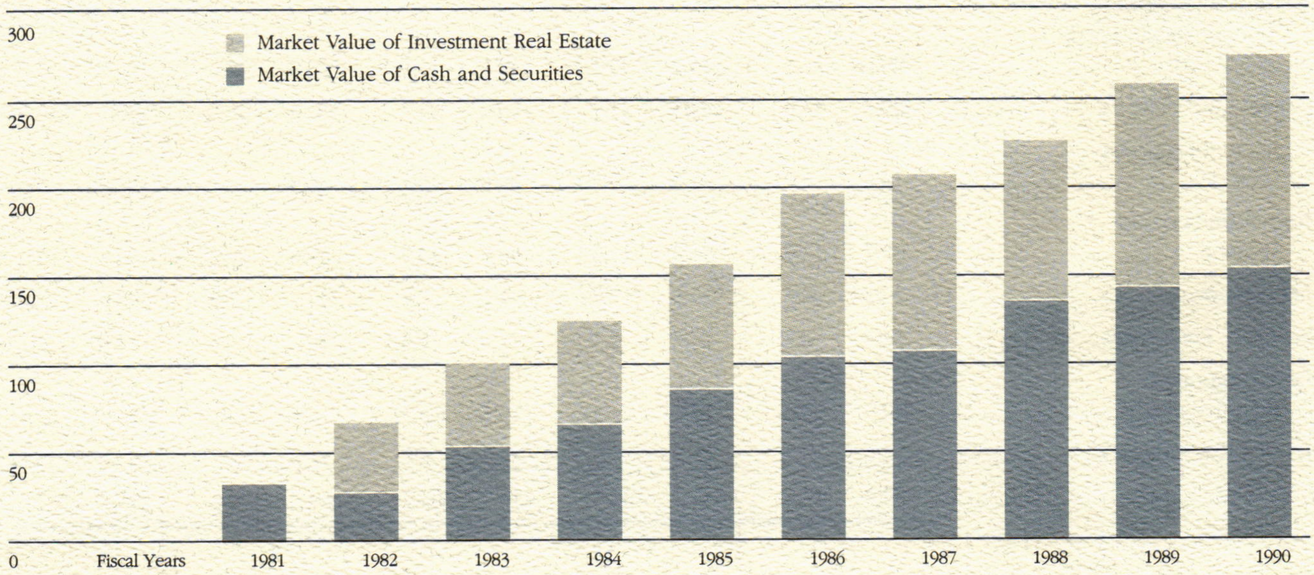
REAL PROPERTY VALUES
Assessed Value and Book Value ($ Millions)



ENDOWMENT FUNDS (NET OF LIABILITIES)
Market Value and Book Value ($ Millions)



GROWTH OF ENDOWMENT FUND FOR LAST TEN FISCAL YEARS
(1981-1990) ($ Millions)



	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
Total Market Value:	$ 34.3	$ 65.7	$ 100.8	$ 121.4	$ 156.8	$ 195.9	$ 206.1	$ 223.7	$ 256.7	$ 270.4
Cash & Securities*	34.3	33.8	53.9	59.0	82.5	103.0	111.9	132.6	143.1	152.1
Investment Real Estate**	-0-	31.9	46.9	62.4	74.3	92.9	94.2	91.1	113.6	118.3

*Excludes funds held in trust by others. **Amounts shown are net of liabilities.

GENERAL

Total assets of the University, excluding interfund advances, amounted to $771,668,319 at June 30, 1990, representing an increase of $44,252,922 or 6.1 percent over the previous year. Fund balances reflected increases of $28,516,560 or 6.2 percent for all fund groups. Increases in assets and related fund balances are summarized in the following table:

FUND GROUP	Assets	Fund Balances
Current	$ (8,499,161)	$ (20,069,870)
Loan	1,038,811	1,040,803
Endowment	44,798,326	27,577,265
Plant:		
Unexpended	15,441,656	(7,871,143)
Invested in Plant	(8,526,710)	27,839,505
	$ 44,252,922	$ 28,516,560

GIFTS

Total gifts received during the year amounted to $13,317,455 which reflects a net increase of $1,126,847 or 9.2 percent from the total gifts received for the year ended June 30, 1989. A comparative summary of the gifts received for the years ended June 30, 1990 and 1989 follows:

	1990	1989
Current Funds:		
Unrestricted	$ 2,492,608	$ 1,865,647
Restricted	4,784,982	4,651,038
Loan Funds	181,638	110,586
Endowment Funds	2,333,271	5,514,687
Plant Funds	3,524,956	48,650
	$ 13,317,455	$ 12,190,608

CURRENT FUNDS

Current revenues for the year amounted to $492,436,961 which reflects an increase of $35,458,482 or 7.8 percent over the year ended June 30, 1989. Current expenses amounted to $482,161,350, which reflects an increase of $36,403,628 or 8.2 percent over the same period. After capital expenditures of $27,041,408 and net transfers of $3,304,073 to other funds, Current Fund balances decreased by $20,069,870 and totaled $16,517,942 at year-end.

LOAN FUNDS

Loan Funds are provided by gifts to the University, by deposits from the federal government under provisions of the Perkins Loan Program and other legislation, and by amounts transferred from the University Current Funds. During the year, new loans in the aggregate amount of $3,443,130 were made to 1,798 students compared to $3,070,813 loaned to 1,651 students in the previous year.

ENDOWMENT AND SIMILAR FUNDS

Assets of the Endowment Funds had a book value of $211,549,356 at June 30, 1990 reflecting an increase of $44,798,326 or 26.9 percent over the previous year. Market values of the assets increased from $268,793,532 at June 30, 1989 to $299,795,657 at June 30, 1990 which represents an 11.5 percent increase in market values for the fiscal year.

At June 30, 1990, assets of Endowment Funds included investments in securities having a book value of $128,697,412. A summary of the book and market values of the investments in securities is presented below:

	Book Value	
	Amount	%
Temporary Investments	$ 5,056,982	4.0
Bonds	41,233,723	32.0
Stocks	82,406,707	64.0
	$ 128,697,412	100.0

	Market Value	
	Amount	%
Temporary Investments	$ 5,056,982	3.4
Bonds	41,848,986	28.3
Stocks	100,872,773	68.3
	$ 147,778,741	100.0

Endowment Funds, including Funds Functioning as Endowments, are invested in order to provide continuing sources of income in support of the purposes for which the funds were originally created. The book values of Endowment Fund Balances at June 30, 1990 and 1989, summarized by purpose, are as follows:

	1990	1989
Unrestricted	$ 85,513,818	$ 64,900,215
Restricted:		
Fellowships	3,674,506	3,295,418
Professorships	28,538,708	26,382,777
Schools	34,854,574	34,007,038
Hospital	2,629,979	2,259,636
Scholarships	18,510,725	16,614,836
Prizes	806,668	707,254
Buildings and Equipment	3,989,342	3,022,419
Libraries and Books	4,367,021	4,112,225
Life Income Funds	1,051,611	1,057,869
	$ 183,936,952	$ 156,359,687

Additional information relating to the book and market values of Endowment Funds at June 30, 1990 and 1989 is provided in Note 5 to the Financial Statements.

PLANT FUNDS

The net decreases in land, buildings and equipment used primarily for academic, patient care, student housing, and support services amounted to $8,526,710 for the fiscal year. Unexpended Plant Funds, which represent funds available for debt service and future improvements to physical facilities, amounted to $15,538,437 at June 30, 1990, as compared to $23,409,580 available at June 30, 1989.

FIVE YEAR TRENDS

ALL FUNDS COMBINED

($ Millions)	1986*	1987*	1988*	1989*	1990
Revenues					
Current Funds	$360.1	$379.4	$407.9	$457.0	$492.4
Loan Funds	.7	.7	.9	1.0	1.0
Endowment Funds	11.9	37.4	7.1	6.6	21.8
Unexpended Plant Funds	3.1	5.0	2.3	4.8	6.5
Total	$375.8	$422.5	$418.2	$469.4	$521.7
Expenses					
Current Funds	$336.3	$360.1	$391.4	$445.8	$482.2
Loan Funds	—	—	—	—	—
Endowment Funds	—	—	—	—	—
Unexpended Plant Funds	1.7	.6	.2	.5	1.6
Total	$338.0	$360.7	$391.6	$446.3	$483.8
Capital Expenditures					
Current Funds	$ 14.6	$ 21.3	$ 23.5	$ 21.5	$ 27.0
Loan Funds	—	—	—	—	—
Endowment Funds	—	—	—	—	—
Plant Funds	11.2	23.7	59.7	21.0	16.3
Total	$ 25.8	$ 45.0	$ 83.2	$ 42.5	$ 43.3
Fund Balances					
Current Funds	$ 48.8	$ 54.4	$ 46.6	$ 36.6	$ 16.5
Loan Funds	16.8	17.4	18.5	19.5	20.6
Endowment Funds	112.0	141.7	149.8	156.4	183.9
Plant Funds:					
Unexpended	8.7	11.8	11.4	23.4	15.5
Invested in Plant	178.9	198.0	217.0	224.2	252.0
Total	$365.2	$423.3	$443.3	$460.1	$488.5
Assets					
Current Funds	$ 97.6	$110.3	$103.9	$116.3	$107.8
Loan Funds	16.8	17.4	18.5	19.5	20.6
Endowment Funds	124.2	153.0	160.7	166.8	211.5
Plant Funds	355.1	377.5	419.5	424.8	431.7
Total	$593.7	$658.2	$702.6	$727.4	$771.6

**Reclassified for comparative purposes.*

REPORT OF INDEPENDENT ACCOUNTANTS

September 6, 1990

To the President and Board of Trustees
The George Washington University
Washington, D.C.

In our opinion, the accompanying balance sheets and the related statements of changes in fund balances (Exhibits A and B) present fairly, in all material respects, the financial position of The George Washington University at June 30, 1990 and 1989, and the changes in its fund balances for the years then ended, in conformity with generally accepted accounting principles. These financial statements are the responsibility of the University's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

Price Waterhouse

Price Waterhouse
Washington, D.C.

THE GEORGE WASHINGTON UNIVERSITY

BALANCE SHEET

ASSETS	JUNE 30, 1990		JUNE 30, 1989*	
Current Funds				
Cash and Temporary Investments		$ 141,223		$ 4,669,966
Accounts Receivable:				
Grants and Contracts	$ 4,630,027		$ 3,400,411	
Hospital and Clinic, Less $49,800,000 in 1990 and $35,600,000 in 1989 for Doubtful Accounts and Third Party Allowances	54,334,993		61,339,101	
Other	21,423,260	80,388,280	21,139,359	85,878,871
Group Contract Settlements		3,049,942		2,387,367
Inventory and Prepaid Expenses		5,210,034		5,295,343
Other Assets, Primarily Investment in Health Plan		2,084,142		2,225,974
Funds Deposited with Trustee		16,948,099		15,863,360
		$107,821,720		$116,320,881
Loan Funds				
Cash and Temporary Investments		$ 2,294,790		$ 2,842,593
Investments (Approximates Market)		3,200		3,200
Loans Receivable, Less $750,000 in 1990 and 1989 for Doubtful Accounts		18,261,149		16,674,535
		$ 20,559,139		$ 19,520,328
Endowment and Similar Funds				
Cash and Temporary Investments		$ 5,900,882		$ 5,120,820
Investments (Approximate Market Value, $145,791,000 in 1990 and $137,374,000 in 1989)	$126,357,814		$112,980,831	
Trust Notes Receivable	464,436		534,523	
Investment Properties (Approximate Market Value, $145,875,000 in 1990 and $124,000,000 in 1989)	77,061,943	203,884,193	46,350,575	159,865,929
Funds Held in Trust by Others		1,764,281		1,764,281
		$211,549,356		$166,751,030
Plant Funds				
Cash and Temporary Investments		$ 2,487,359		$ 2,225,009
Accounts Receivable		96,085		99,399
Prepaid Expenses		2,471,139		2,372,251
Investments (Approximates Market)		6,026,962		5,823,172
Temporary Advances to Current Funds		4,683,816		6,151,231
Funds Deposited with Trustees		34,132,172		19,252,230
Physical Properties:				
Land and Buildings	$274,657,498		$290,776,988	
Equipment	111,866,889	386,524,387	104,274,109	395,051,097
		$436,421,920		$430,974,389

The accompanying notes are an integral part of these Financial Statements.

EXHIBIT A

LIABILITIES AND FUND BALANCES	JUNE 30, 1990		JUNE 30, 1989*	
Current Funds				
Accounts Payable and Accrued Expenses		$ 44,778,467		$ 35,786,470
Temporary Advances from Plant Funds		4,683,816		6,151,231
Group Contract Settlements		1,580,000		1,475,000
Deferred Income:				
Tuition and Other Deposits	$ 8,406,731		$ 8,663,382	
Grant and Contract Prepayments	2,567,316	10,974,047	2,090,584	10,753,966
Accrued Leave		6,487,448		6,466,402
Insurance Reserve		22,800,000		19,100,000
Fund Balances:				
Restricted	12,901,104		12,281,627	
Designated			3,193,970	
Other	3,616,838	16,517,942	21,112,215	36,587,812
		$107,821,720		$116,320,881
Loan Funds				
Accounts Payable and Accrued Expenses				$ 1,992
Fund Balances:				
Federal Loan Programs	$ 17,275,945		$ 16,529,533	
University Loan Funds	3,283,194	$ 20,559,139	2,988,803	19,518,336
		$ 20,559,139		$ 19,520,328
Endowment and Similar Funds				
Bonds and Notes Payable		$ 27,612,404		$ 10,391,343
Fund Balances:				
Endowment Funds	$ 78,866,658		$ 74,876,041	
Funds Functioning as Endowments	105,070,294	183,936,952	81,483,646	156,359,687
		$211,549,356		$166,751,030
Plant Funds				
Accounts Payable and Accrued Expenses		$ 821,957		$ 1,461,229
Deferred Income		590,392		1,279,469
Bonds and Notes Payable		167,424,662		180,617,144
Fund Balances:				
Unexpended Plant Funds:				
Reserves for Repairs, Maintenance and Debt Service	$ 1,185,426		$ 2,362,152	
Building Funds	14,353,011	15,538,437	21,047,428	23,409,580
Net Investment in Plant		252,046,472		224,206,967
		$436,421,920		$430,974,389

**Reclassified for comparative purposes*

THE GEORGE WASHINGTON UNIVERSITY

STATEMENT OF CHANGES IN FUND BALANCES

FOR THE YEARS ENDED JUNE 30, 1990 AND 1989

	UNIVERSITY		
CURRENT FUNDS	Unrestricted	Restricted	Total
Revenues			
Student Fees	$154,331,129	$ 81,035	$154,412,164
Patient Care			
Grants and Contracts			
Program Funds	355,925	20,937,846	21,293,771
Indirect Cost Recoveries	2,798,523		2,798,523
Gifts and Bequests	2,145,244	1,786,914	3,932,158
Endowment Income			
Interest and Dividends	700,202	2,935,276	3,635,478
Investment Properties (Net)	4,793,919	514,267	5,308,186
Other Investment Income	1,385,690	73,229	1,458,919
Gains (Losses) on Sales		(36)	(36)
Auxiliary Enterprises	28,102,106	10,513	28,112,619
Other	3,636,929	609,102	4,246,031
Total Revenues	198,249,667	26,948,146	225,197,813
Current Expenses			
Administration and General	18,145,607	255,304	18,400,911
Student Services	8,979,833	9,983	8,989,816
Instruction and Departmental Programs	82,407,294	3,264,771	85,672,065
Patient Care (Direct Activities)			
Sponsored Programs (Direct Activities)		19,194,676	19,194,676
Libraries	7,747,951	422,795	8,170,746
Student Aid	20,398,746	3,438,815	23,837,561
Maintenance and Operation of Plant	16,854,195	4,668	16,858,863
Auxiliary Enterprises	25,276,469	19,965	25,296,434
Other	4,235,384	9,227	4,244,611
Subtotal	184,045,479	26,620,204	210,665,683
Less Equipment Purchases Included Above	5,356,764	954,831	6,311,595
Total Current Expenses	178,688,715	25,665,373	204,354,088
Capital Expenditures			
Loan Principal Reductions	7,465,345		7,465,345
Plant and Equipment Additions	5,740,070	954,831	6,694,901
Total Capital Expenditures	13,205,415	954,831	14,160,246
Interfund Transfers—Out (In)			
Mandatory	(36,844)	74,792	37,948
Other	2,341,787	575,470	2,917,257
Total Interfund Transfers	2,304,943	650,262	2,955,205
Net Increase (Decrease) in Fund Balances	4,050,594	(322,320)	3,728,274
Fund Balances—Beginning	(11,216,173)	6,046,764	(5,169,409)
Fund Balances—Ending	$ (7,165,579)	$ 5,724,444	$ (1,441,135)

The accompanying notes are an integral part of these Financial Statements.

MEDICAL CENTER			TOTAL	
Unrestricted	Restricted	Total	1990	1989
$ 19,084,403	$ 187,621	$ 19,272,024	$173,684,188	$151,836,893
208,136,954	100	208,137,054	208,137,054	202,163,782
35,440	13,364,497	13,399,937	34,693,708	32,283,476
4,292,630		4,292,630	7,091,153	6,878,302
347,364	2,998,068	3,345,432	7,277,590	6,516,685
1,871,440	1,351,937	3,223,377	6,858,855	7,017,403
	251,333	251,333	5,559,519	4,064,026
3,829,658	23,097	3,852,755	5,311,674	2,120,724
	(417)	(417)	(453)	(641)
6,159		6,159	28,118,778	30,970,363
10,052,483	1,406,381	11,458,864	15,704,895	13,127,466
247,656,531	19,582,617	267,239,148	492,436,961	456,978,479
50,698,929	4,857	50,703,786	69,104,697	70,823,211
291,585		291,585	9,281,401	6,842,280
12,400,097	4,072,349	16,472,446	102,144,511	93,935,571
179,478,936	621,633	180,100,569	180,100,569	162,075,415
	13,364,497	13,364,497	32,559,173	30,366,847
1,816,497	39,023	1,855,520	10,026,266	8,804,874
850,985	703,357	1,554,342	25,391,903	17,477,043
21,732,462		21,732,462	38,591,325	34,807,100
			25,296,434	29,411,885
			4,244,611	3,722,116
267,269,491	18,805,716	286,075,207	496,740,890	458,266,342
7,174,672	1,093,273	8,267,945	14,579,540	12,508,620
260,094,819	17,712,443	277,807,262	482,161,350	445,757,722
501,185		501,185	7,966,530	2,958,986
11,286,704	1,093,273	12,379,977	19,074,878	18,592,402
11,787,889	1,093,273	12,881,162	27,041,408	21,551,388
			37,948	37,256
513,764	(164,896)	348,868	3,266,125	(315,260)
513,764	(164,896)	348,868	3,304,073	(278,004)
(24,739,941)	941,797	(23,798,144)	(20,069,870)	(10,052,627)
35,522,358	6,234,863	41,757,221	36,587,812	46,640,439
$ 10,782,417	$ 7,176,660	$ 17,959,077	$ 16,517,942	$ 36,587,812

THE GEORGE WASHINGTON UNIVERSITY

STATEMENT OF CHANGES IN FUND BALANCES

FOR THE YEARS ENDED JUNE 30, 1990 AND 1989

	LOAN FUNDS			
		Medical	Total	
	University	Center	1990	1989
Revenues				
Student Fees	$ 132	$ 39	$ 171	$ 24
Patient Care				
Grants and Contracts				
Program Funds	349,587	(580)	349,007	382,632
Indirect Cost Recoveries				
Gifts and Bequests	48,943	132,695	181,638	110,586
Endowment Income				
Interest and Dividends	859		859	900
Investment Properties (Net)	180		180	131
Other Investment Income	48,174	45,715	93,889	133,327
Gains (Losses) on Sales				(55)
Auxiliary Enterprises				
Other	270,624	132,544	403,168	367,079
Total Revenues	718,499	310,413	1,028,912	994,624
Current Expenses				
Administration and General				
Student Services				
Instruction and Departmental Programs				
Patient Care (Direct Activities)				
Sponsored Programs (Direct Activities)				
Libraries				
Student Aid	21,644	6,413	28,057	34,055
Maintenance and Operation of Plant				
Auxiliary Enterprises				
Other				
Subtotal	21,644	6,413	28,057	34,055
Less Equipment Purchases Included Above				
Total Current Expenses	21,644	6,413	28,057	34,055
Capital Expenditures				
Loan Principal Reductions				
Plant and Equipment Additions				
Total Capital Expenditures				
Interfund Transfers—Out (In)				
Mandatory	(37,948)		(37,948)	(37,256)
Other		(2,000)	(2,000)	(10,926)
Total Interfund Transfers	(37,948)	(2,000)	(39,948)	(48,182)
Net Increase (Decrease) in Fund Balances	734,803	306,000	1,040,803	1,008,751
Fund Balances—Beginning	14,370,600	5,147,736	19,518,336	18,509,585
Fund Balances—Ending	$ 15,105,403	$ 5,453,736	$ 20,559,139	$ 19,518,336

The accompanying notes are an integral part of these Financial Statements.

ENDOWMENT AND SIMILAR FUNDS				UNEXPENDED PLANT FUNDS				ALL FUNDS COMBINED (EXCLUDES NET INVESTMENT IN PLANT)	
	Medical	Total			Medical	Total			
University	Center	1990	1989	University	Center	1990	1989	1990	1989
								$173,684,359	$151,836,917
								208,137,054	202,163,782
								35,042,715	32,666,108
								7,091,153	6,878,302
$ 1,740,394	$ 592,877	$ 2,333,271	$ 5,514,687	$ 3,196,756	$ 328,200	$ 3,524,956	$ 48,650	13,317,455	12,190,608
302,495	331,717	634,212	502,899					7,493,926	7,521,202
565,934	17,793	583,727	524,559					6,143,426	4,588,716
				1,310,053	666,208	1,976,261	3,259,328	7,381,824	5,513,379
16,259,897	1,987,932	18,247,829	65,591	208,791		208,791	1,238,139	18,456,167	1,303,034
								28,118,778	30,970,363
			(21,436)	753,953		753,953	267,314	16,862,016	13,740,423
18,868,720	2,930,319	21,799,039	6,586,300	5,469,553	994,408	6,463,961	4,813,431	521,728,873	469,372,834
				369,964	357,816	727,780	417,196	69,832,477	71,240,407
								9,281,401	6,842,280
								102,144,511	93,935,571
								180,100,569	162,075,415
								32,559,173	30,366,847
								10,026,266	8,804,874
								25,419,960	17,511,098
				880,348		880,348	105,156	39,471,673	34,912,256
								25,296,434	29,411,885
				4,000		4,000	4,000	4,248,611	3,726,116
				1,254,312	357,816	1,612,128	526,352	498,381,075	458,826,749
				5,864		5,864		14,585,404	12,508,620
				1,248,448	357,816	1,606,264	526,352	483,795,671	446,318,129
				1,148,955	1,300,000	2,448,955	2,232,642	10,415,485	5,191,628
				13,623,599	249,732	13,873,331	18,760,155	32,948,209	37,352,557
				14,772,554	1,549,732	16,322,286	20,992,797	43,363,694	42,544,185
(5,276,796)	(501,430)	(5,778,226)	25,956	(5,096,013)	1,502,567	(3,593,446)	(28,748,096)	(6,107,547)	(29,048,326)
(5,276,796)	(501,430)	(5,778,226)	25,956	(5,096,013)	1,502,567	(3,593,446)	(28,748,096)	(6,107,547)	(29,048,326)
24,145,516	3,431,749	27,577,265	6,560,344	(5,455,436)	(2,415,707)	(7,871,143)	12,042,378	677,055	9,558,846
98,008,855	58,350,832	156,359,687	149,799,343	17,954,437	5,455,143	23,409,580	11,367,202	235,875,415	226,316,569
$122,154,371	$ 61,782,581	$183,936,952	$156,359,687	$ 12,499,001	$ 3,039,436	$ 15,538,437	$ 23,409,580	$236,552,470	$235,875,415

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 1990 AND 1989

ACCOUNTING POLICIES

The financial statements of the University are prepared on an accrual basis of accounting in accordance with the American Institute of Certified Public Accountants' audit guide for colleges and universities. The University's accounting policies with respect to certain items, for which alternate standards are recognized, are enumerated below.

Restricted gifts are reported as current income in the period received rather than in the period used.

The University accounts for its investment in its wholly owned subsidiary, The George Washington University Health Plan, and certain other commercial enterprises on the equity basis of accounting.

Endowment income, excluding gains and losses on sales of investments, is reported and distributed as earned. Gains and losses on the sales of investments are accumulated with the Endowment Funds' principal balances.

The University does not record depreciation of physical properties except for Hospital and Ambulatory Care Center buildings and equipment. Depreciation charges are not included in current expenses but are recorded in the Plant Funds as a reduction of asset value and Net Investment in Plant. To comply with the requirements of Statement of Financial Accounting Standards No. 93, the University will begin depreciating its fixed assets as of July 1, 1990. The estimated effect of recording depreciation retroactively will be to reduce the University's Net Investment in Plant by approximately $110 million and Investment Properties within the Endowment Funds by approximately $12 million as of July 1, 1990.

Interest incurred during construction is capitalized as part of the cost of capital projects.

Certain amounts presented for June 30, 1989 have been reclassified for comparative purposes.

NOTE 1 - VALUATION OF INVESTMENTS

Investments are stated at cost, or, in the case of donated investments, at the fair market value at date of acquisition.

NOTE 2 - TEMPORARY ADVANCES

These advances represent the temporary use of Plant Funds for the years ended June 30, 1990 and 1989 pending the receipt of monies from other anticipated funding sources including grant and loan agreements and the receipt of pledged gifts from various donors.

NOTE 3 - GROUP CONTRACT SETTLEMENTS

Hospital charges paid under patient care group contracts are subject to audit and retroactive settlements by third-party payors. Estimates for the 1990 and 1989 settlements under these agreements have been provided.

NOTE 4 - SELF-INSURANCE TRUST

The University has established an independently held self-insurance trust for professional liability claims which is funded annually based upon an actuarial determination. In addition, the University maintains umbrella coverage for amounts in excess of the basic self-insurance program. The University accrues the estimated cost of asserted and unasserted malpractice claims in the period in which health care services are rendered. Such expenses are included in Administration and General.

NOTE 5 - ENDOWMENT AND SIMILAR FUNDS

Assets of Endowment Funds, excluding Funds Held in Trust by Others, had book values at June 30, 1990 and 1989 of $209,785,075 and $164,986,749 and market values of $298,031,376 and $267,029,251, respectively. These funds include 58 funds which are separately invested and 494 funds which are invested on a pooled basis. A summary of book and market values as of June 30, 1990 and 1989, together with unit value information and earnings per unit in the Consolidated Endowment Funds, is presented below:

	1990	**1989**
Separately Invested Funds		
Book Value	$120,625,311	$ 81,507,279
Unrealized Net Gains	74,820,654	85,559,407
Market Value	$195,445,965	$167,066,686
Consolidated Endowment Funds		
Book Value	$ 89,159,764	$ 83,479,470
Unrealized Net Gains	13,425,647	16,483,095
Market Value	$102,585,411	$ 99,962,565
Unit Values		
Number of Units	3,290,246	3,020,259
Book Value	$ 27.10	$ 27.64
Unrealized Net Gains	4.08	5.46
Market Value	$ 31.18	$ 33.10
Earnings Per Unit	$ 1.595	$ 1.613

NOTE 6 - VALUATION OF PHYSICAL PROPERTIES

Land, buildings and equipment are stated at cost or appraisal value, except that Hospital and Ambulatory Care Center (ACC) buildings and equipment are depreciated on a straight line basis. Hospital and ACC buildings are depreciated over 50 and 40 years respectively, and equipment is depreciated over 10 years. Asset values and related depreciation reserves are stated below for the years ended June 30, 1990 and 1989:

	1990	1989
Hospital Buildings	$ 36,316,619	$ 32,719,091
Less Depreciation Reserve	13,290,799	12,454,338
	$ 23,025,820	$ 20,264,753
Hospital Equipment	$ 27,317,196	$ 29,103,148
Less Depreciation Reserve	11,559,832	11,225,890
	$ 15,757,364	$ 17,877,258
Ambulatory Care Center Building	$ 40,104,227	$ 39,732,754
Less Depreciation Reserve	1,936,227	920,324
	$ 38,168,000	$ 38,812,430
Ambulatory Care Center Equipment	$ 2,492,675	$ 2,220,922
Less Depreciation Reserve	518,376	219,140
	$ 1,974,299	$ 2,001,782

NOTE 7 - BONDS AND NOTES PAYABLE

Bonds, trust notes and unsecured notes payable at June 30, 1990 and 1989 consisted of the following:

	1990	1989
Endowment Funds:		
Trust notes; 7 1/2 % - 11 1/2 %, secured by real property, maturing at various dates through 2001	$ 27,612,404	$ 10,391,343
Plant Funds:		
Building bonds; 2 7/8 % - 6 1/2 %, secured by certain of the University's dormitories, academic and administration buildings, maturing serially through 2015	137,657,000	123,820,000
Trust notes; 2 1/2 % - 13 %, secured by real property, maturing at various dates through 2001	17,654,662	47,027,125
Unsecured notes payable; 3 % - 11 %, final payment due May 2021	12,113,000	9,770,019
Total Plant Funds	167,424,662	180,617,144
Total Bonds and Notes	$ 195,037,066	$ 191,008,487

Trust Indentures of the above Building Bond issues require the University to deposit and maintain specified amounts in trustee-controlled accounts as Repair, Maintenance and Debt Service Reserves. In satisfaction of these requirements, $17,758,326 and $19,240,073 were included in deposits with the trustees at June 30, 1990 and 1989, respectively.

Interest on indebtedness for the years ended June 30, 1990 and 1989 was either capitalized during construction or expensed. The amounts capitalized have been offset by interest earned on temporary investment of indebtedness proceeds when such proceeds are restricted for use in future construction.

	1990	1989
Net Interest Capitalized		$ (133,772)
Interest Expensed	$ 13,431,024	12,297,523

Principal payments are due on bonds and notes payable in accordance with the following schedule:

	Endowment Funds	Plant Funds
Fiscal Year Ending June 30:		
1991	$ 16,120	$ 21,459,548
1992	17,808	6,899,612
1993	19,673	7,617,706
1994	21,733	8,089,347
1995	27,537,070	8,725,060
Thereafter		114,633,389
	$ 27,612,404	$ 167,424,662

NOTE 8 - PLANT FUNDS

Net Investment in Plant represents the University's net equity in its physical plant and equipment. Changes in Net Investment in Plant for the years ended June 30, 1990 and 1989 follow:

	1990	1989
Additions:		
Capital additions	$ 32,948,209	$ 37,352,557
Indebtedness decreases	10,415,485	5,191,628
Reductions:		
Plant and Equipment retirements, net of depreciation	4,704,590	962,768
Indebtedness from unexpended plant funds	1,676,265	29,048,326
Depreciation charges	4,712,052	4,714,171
Property transferred to Endowment Funds, net of related indebtedness	4,431,282	640,000
Net Investment in Plant:		
Increase	27,839,505	7,178,920
Beginning Balance	224,206,967	217,028,047
Ending Balance	$ 252,046,472	$ 224,206,967

NOTE 9 - CURRENT FUNDS - RESTRICTED ACTIVITY

Restricted revenues amounted to $46,530,763 and $42,799,018 and restricted expenditures amounted to $45,425,920 and $41,688,225 for the years ended June 30, 1990 and 1989, respectively.

NOTE 10 - PENSION PLANS

Full-time faculty and staff are eligible for participation in the University's retirement annuity program. The program is administered by independent fiduciaries to whom all funds are transferred for investment purposes and annuity payments. Effective January 1, 1989 the University retirement plan was amended and completely restated and superseded all prior plan documents. Under the amended plan, full-time faculty and staff who were active participants under the provisions of the plan immediately prior to the January 1, 1989 date continued to participate in the amended plan without interruption of coverage. Any other eligible employee who reached age 21 and completed two years of service as of January 1, 1989 became a participant on January 1, 1989. Any other present or future employee becomes a participant in the plan when the age and period of service conditions are met.

Under the amended plan the University contributes on behalf of each participant, for each year of participation in the plan, the sum of 10 percent of the participant's regular salary for the plan year. Individual contracts issued under the plan provide for full and immediate vesting of the University's 10 percent contribution. In addition, certain retirees whose employment pre-dated establishment of the retirement annuity program receive supplemental past service benefits which are funded on a current basis. University contributions including direct payments to retirees amounted to $14,985,013 in 1990 and $13,153,791 in 1989.

NOTE 11 - CONTINGENCIES

The University is a defendant in certain pending civil suits. In the opinion of the University, the University has a good defense to the claims not covered by insurance.

T R U S T E E S

UNIVERSITY OFFICIALS

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Special Assistant to the President

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Brunetta Reid Wolfman
Associate Vice President for Academic Affairs

Ted J. Christensen
Assistant Vice President for GW Television

Sharon Rogers
Assistant Vice President for Academic Affairs and University Librarian

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University Marshal

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Assistant Vice President and Dean of Students

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Director, Alumni Admissions Program

Isabel Kuperschmit
Director, Student Health Service

Anthony Pallett
Executive Director for Enrollment Management

Michael N. Peller
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George W. G. Stoner
Director, Undergraduate Admissions

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Medical Center

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Dean for Research, Medical Center

Robert I. Keimowitz
Dean for Academic Affairs, Medical Center

John C. LaRosa
Dean for Clinical Affairs, Medical Center

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Comptroller

Barry Bontemps
Assistant Comptroller

Nancy Spencer
Assistant Comptroller

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Assistant Treasurer, Facilities

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Assistant Treasurer, Sponsored Programs

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Assistant Treasurer, Business and Procurement Affairs

Gearldean L. Wynkoop
Assistant Treasurer, Cash Management and Banking

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Executive Director, Medical Center Development

Thomas D. White
Executive Director, Office of Alumni Relations

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Vice President for Information and Administrative Services

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Director, Graphics and Printing

James E. Clifford
Director, Personnel Services

J. Matthew Gaglione
Registrar

Sandy Holland
Acting Director, University Relations

Sylvia L. Kohrn
Manager, Lisner Auditorium

Lynn Doe Shipway
Executive Associate, Office of the Vice President for Information and Administrative Services

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7. *Washington Monument*
8. *Jefferson Memorial*
9. *Museum of History and Technology*
10. *The Mall*
11. *Natural History Building*
12. *Smithsonian Institution*
13. *Hirshorn Museum*
14. *National Gallery of Art*
15. *Air and Space Museum*
16. *Union Station*
17. *The Capitol*
18. *The Supreme Court*
19. *Library of Congress*
20. *Folger Shakespeare Library*
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THE GEORGE WASHINGTON UNIVERSITY

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